

Annual Report

2022



SCOTT FITZPATRICK
Missouri State Auditor





Letter from Scott Fitzpatrick

It is an incredible honor and privilege to serve as the 39th State Auditor for our great state of Missouri. I have spent my career in public service working to protect taxpayer dollars by rooting out fraud and waste in government. As your State Auditor, I will serve as an independent watchdog to make sure government at all levels is efficient, effective, and transparent. In cases where we discover fraud, I will make sure those who are responsible for stealing taxpayer funds are held accountable for their actions.

This report reflects the outstanding efforts of the team of highly-experienced and skilled professionals in the State Auditor's Office who have dedicated their careers to providing proper oversight over Missouri's many governmental entities. During 2022, audit staff completed and released 135 reports that hold government at all levels accountable to the citizens of Missouri. Government is meant to work for you, and to use your tax dollars in a fiscally responsible manner. Many of the reports released in 2022 reveal how governmental entities have fallen short in the vital duty they have to serve taxpayers. Some of these reports revealed evidence of theft and abuse of taxpayer dollars, while others highlighted inefficiencies in government, and brought to light mismanagement impacting services to the public.

The people of Missouri are blessed to have a dedicated team of professionals who work in the State Auditor's Office and who are committed in their service to taxpayers. I am excited to work with them in the years to come as we strive to make government more accountable and more responsive to you - the people of Missouri.



Duties of the State Auditor

The State Auditor's Office is Missouri's independent watchdog for taxpayers. The Missouri Constitution and state law give the State Auditor authority to audit:

All state agencies, boards and commissions

Public employee retirement systems

Public employee healthcare systems

State court system

School districts

Counties that do not have a county auditor

Other political subdivisions upon petition by the voters of those subdivisions

The State Auditor's Office works to ensure the proper use of public funds and to improve the efficiency and effectiveness of Missouri government.

Audits examine financial accountability; look for waste, abuse and fraud; and evaluate whether government organizations and programs are achieving their purposes and operating economically and efficiently. All audits are performed in accordance with generally accepted government auditing standards issued by the Comptroller General of the United States.

Additional Duties of the State Auditor

Fiscal Notes

The State Auditor's office is responsible for assessing the fiscal impact of constitutional amendment petitions, statutory initiative petitions, and referendum petitions, as well as joint resolutions proposing constitutional amendments or bills adopted by the General Assembly without a fiscal note summary, which are to be referred to a public vote. The fiscal note and fiscal note summary for each petition, joint resolution, or bill state the initiative's estimated costs or savings, if any, to state and local governmental entities.

Bond Registration

The State Auditor's office is responsible for reviewing and registering general obligation bonds issued by political subdivisions in Missouri to ensure those bonds comply with both state law and the conditions of the contracts under which the bonds will be issued.

Review of Property Tax Rates

State law requires the Missouri State Auditor annually to certify all taxing jurisdictions throughout Missouri as to their compliance with state law and the tax limitation provisions in Article X, Sections 16 through 24, Constitution of Missouri, commonly known as the Hancock Amendment. The State Auditor's office property tax rate report states whether a taxing jurisdiction has met its obligation to set an overall tax rate at a level approved by voters and within the limits set by Missouri law.



About the Public Corruption and Fraud Division

The Public Corruption and Fraud Division is a unit within the Missouri State Auditor's Office dedicated to rooting out fraud, waste, and abuse in state, county and local government and assisting law enforcement to ensure public officials are held accountable.

The division is made up of attorneys, auditors, and investigators and includes forensic auditing specialists and Certified Fraud Examiners. The division has a demonstrated history of working with local, state and federal law enforcement to pursue justice for taxpayers.

Audits performed by the Public Corruption and Fraud Division examine financial accountability, waste, opportunities for fraud, and whether government organizations and programs are operating economically and efficiently.

All audits are performed in accordance with generally accepted government auditing standards issued by the Comptroller General of the United States.

When there is a potential criminal violation of law, audit staff will cooperate and work with appropriate law enforcement. This includes providing forensic auditing assistance to the law enforcement agency investigating the case. The State Auditor's Office is willing and able to assist throughout the process, including providing testimony during legal proceedings.

PUBLIC CORRUPTION AND FRAUD DIVISION

HOW WE INVESTIGATE



We receive information on allegations of improper governmental activities

Information is submitted to the State Auditor's Whistleblower Hotline. Under state law, individuals who make a report may choose to remain anonymous until they affirmatively consent to having their identity disclosed.



We review the submitted information

Each year, we receive hundreds of tips from citizens, public employees and government officials. When information is received, it is reviewed for relevance and completeness. Whistleblowers who provide contact information may be contacted for additional information.



We investigate the allegations

When allegations of fraud or abuse are reported, the Public Corruption and Fraud Division will complete an initial review to determine if allegations are credible. If not deemed credible or if insufficient documentation is provided, the case is closed. If deemed credible, there are a variety of potential next steps. To learn more about the steps and the audit process, visit auditor.mo.gov/PCFD.

The State Auditor's Whistleblower Hotline is a resource to report potential wrongdoing.

Whistleblowers can submit information by emailing moaudit@auditor.mo.gov, calling toll-free **1-800-347-8597** or using an online reporting form at auditor.mo.gov

SCOTT FITZPATRICK
MISSOURI STATE AUDITOR'S OFFICE

Audits Get Results

Audit of Parma leads to criminal conviction

The former city clerk of Parma was sentenced in 2022 after pleading guilty to a felony charge of stealing from the Missouri Bootheel town of 713. The court ordered Helen Frye to pay restitution of \$37,626 to the city and sentenced her to seven years in prison. She received a suspended execution of sentence, meaning she will serve 120 days in prison and then be placed on probation. A 2020 audit determined the former city clerk, as well as the former mayor and city water supervisor, misappropriated more than \$115,000 over a four-year period through payroll overpayments and improper payments and purchases.

Audit produces criminal convictions in \$90 million healthcare fraud scheme

Also in 2022, a federal jury in Florida convicted the head of a hospital management company and another individual for their roles in a conspiracy to operate a multi-state \$1.4 billion billing scheme that used rural hospitals to submit fraudulent claims. Jorge Perez and Ricardo Perez, who were also convicted of health care fraud, will be sentenced at a later date. The State Auditor's Office has worked with federal law enforcement agencies since the scheme was uncovered during a 2017 audit of Putnam County Memorial Hospital. That audit, which found \$90 million in illegal billings were passed through the 15-bed hospital, marked the largest fraud exposed in the history of the Missouri State Auditor's Office. The former CEO of the hospital pleaded guilty to federal health care fraud charges in 2019.

Former Greenville Clerk receives prison sentence after audit uncovers fraud

The former clerk of Greenville was sentenced to 10 years in prison and ordered to repay \$168,957 to the city after being convicted on a charge of receiving stolen property. An audit conducted by the State Auditor's Office found improperly cashed checks, missing cash, and improper payroll and other payments during a time when Pamela S. Birmingham handled finances for the town of less than 500 in Wayne County in southeast Missouri.

Audit of Purcell produces guilty plea

The former Mayor Pro Tem for the City of Purcell, located in Jasper County, was charged with stealing after an audit identified significant weaknesses that led to the misappropriation of thousands of dollars in taxpayer funds. The audit found former Mayor Pro Tem Nancy Wilson was responsible for at least \$3,233 in misappropriated or missing funds from the city. Wilson entered a guilty plea in January 2022 and was ordered to repay the city \$2,588. The State Auditor's Office worked with the Jasper County Sheriff on the matter.

Fighting Public Corruption

Misappropriation of \$90,000 in Carroll County Ambulance District

An audit of the Carroll County Ambulance District found at least \$91,794 was misappropriated from the district during an approximately nine month period. Payroll overpayments totaling \$54,530 and questionable mileage reimbursements totaling \$1,945 were paid to the former director. The former director also misappropriated \$4,021 from a district employee benefit reimbursement account and used a district credit card for personal purchases totaling \$108. The former director also improperly authorized 19 payroll overpayments totaling \$29,560 to 15 district employees. The audit identified inadequate oversight by the board of directors over the former director and insufficient segregation of duties over the various financial accounting functions. It recommended that the board work with law enforcement officials regarding criminal prosecution of the improper overpayments, questionable and improper reimbursements, and improper purchases, and take the necessary actions to obtain restitution.

Former utility clerk for city of Forsyth charged with felony stealing

A former utility clerk for the city of Forsyth was charged with one felony count of stealing by the Taney County Prosecuting Attorney for allegedly misappropriating \$2,000 in utility deposits from the city. An audit conducted by the State Auditor's Office uncovered that the money was missing between May 2019 and November 2019. The audit helped form the basis for the probable cause statement filed by the Taney County Sheriff's Department.

Audit of Cross Timbers finds more than \$44,000 in misappropriated funds

An audit of the City of Cross Timbers, located in Hickory County, found tens of thousands of dollars misappropriated by a former city clerk and a city in poor financial condition. Auditors found at least \$44,452 was misappropriated by former city clerk January "Nicki" Clark during her employment with the city from 2017 to 2020. This included payments to the city never deposited; improper adjustments to utility payments, including adjustments to Clark's own utility account; and overcompensation to herself.

Bank records obtained by the State Auditor's Office and provided to law enforcement established that there were cash deposits into her personal bank account of amounts similar to or greater than the amount of missing city receipts. Clark was charged with felony stealing by the Hickory County Prosecuting Attorney. That criminal case remains on-going, with the State Auditor's Public Corruption and Fraud Unit providing support.

Serving the Will of Taxpayers

Under Missouri law, the State Auditor's office may be called on to audit any political subdivision of the state if enough qualified voters of that political subdivision request the audit. Anyone can start the process to initiate a petition audit by submitting a Petition Audit Request form to the State Auditor's Office.

Missouri law specifies:

- The political subdivision (a city, school district, taxing district, etc.) audited through the petition process is responsible for the cost of the audit.
- Petition signatures must be from registered voters who live within the boundaries of that political subdivision.
- The petition and signatures must be submitted to the State Auditor's Office within one year of the initial request.
- The person who submits the petition and signatures to the State Auditor's Office (the chief petitioner) must be a property owner or resident of the political subdivision.

Petition Audits Completed in 2022

City of Rockville

The small community in Bates County received a rating of "poor" after auditors found numerous concerns related to accounting controls as well as a lack of oversight in the handling of city finances.

City of Fairview

The audit of the City of Fairview, located in Newton County, produced a "poor" rating after auditors identified significant concerns such as overpayments to the former city clerk and conflicts of interest by the former mayor.

Cornland Special Road District

The Cornland Special Road District, located in Bates County, received a rating of "fair" after auditors identified conflicts of interest and a lack of transparency.

Clay County Commission

The audit of the Commission, which was repeatedly obstructed by former commissioners, issued a rating of "poor" and identified significant concerns with county operations under the prior Commission.

Smithville R-II School District

The audit gave the school district located in Clay County a rating of "good" but made several recommendations to improve accounting controls and oversight in the district, as well as compliance with the Sunshine Law.

Town and Country

A citizen-requested audit of the city of Town in Country, located in St. Louis County, detailed poor planning by the city on the Town Square development project, which resulted in changes that cost taxpayers more than \$1.3 million beyond the original cost estimate.



SCOTT FITZPATRICK
MISSOURI STATE AUDITOR

BY THE NUMBERS

2022

**135 AUDITS
COMPLETED**

FINANCIAL REPORTS

The Missouri State Auditor's Office received 758 financial reports from municipalities and 1,878 financial reports from other political subdivisions.

The reports are posted and searchable online at auditor.mo.gov.

PROPERTY TAX RATES REVIEW

The State Auditor's Office annually reviews rates to determine compliance with state law. In 2022, the office reviewed 4,854 property tax rates of 2,809 taxing authorities.

**139 BONDS
REGISTERED**

OVERSIGHT OF FEDERAL FUNDS

This year's annual Statewide Single Audit reviewed: **\$20.6 billion in federal funds, 20 federal programs, 10 state agencies.** The report included 22 findings.

FISCAL NOTES

The State Auditor's Office prepared 94 fiscal notes for measures that were proposed for the ballot for the 2022 election cycle.

2022 State Auditor's Office Reports

Report	Date Issued	Report Number
Hickory County Financial Statements	12/30/22	2022-135
City of Dixon	12/29/22	2022-134
State Auditor End of Term Report	12/28/22	2022-133
Missouri State Highway Patrol's Use of Highway Funds Year Ended June 30, 2022	12/28/22	2022-132
Monthly Report on Political Subdivision Filings November 2022	12/22/22	2022-131
Monthly Report on Municipal Court and Revenue Filings November 2022	12/22/22	2022-130
Summary of 2022 Follow-Up Reports	12/21/22	2022-129
Federal American Rescue Plan (ARP) Act Funding for COVID-19 Recovery November 2022	12/21/22	2022-128
Federal Funding for COVID-19 Response November 2022	12/21/22	2022-127
Stoddard County	12/20/22	2022-126
Texas County	12/19/22	2022-125
Follow-Up Report On Audit Findings City of Cross Timbers	12/15/22	2022-124
Federal American Rescue Plan (ARP) Act Funding for COVID-19 Recovery October 2022	12/14/22	2022-123
Federal Funding for COVID-19 Response October 2022	12/14/22	2022-122
2022 Property Tax Rates	12/13/22	2022-121
Monthly Report on Political Subdivision Filings October 2022	12/08/22	2022-120
Monthly Report on Municipal Court and Revenue Filings October 2022	12/08/22	2022-119
City of Orrick	12/07/22	2022-118
Lewis County Financial Statements	12/02/22	2022-117
City of St. Louis Department of Public Utilities	12/01/22	2022-116
Summary of Local Government and Court Audit Findings - Information Security Controls	11/30/22	2022-115
Federal American Rescue Plan (ARP) Act Funding for COVID-19 Recovery September 2022	11/28/22	2022-114
Federal Funding for COVID-19 Response September 2022	11/28/22	2022-113
Federal American Rescue Plan (ARP) Act Funding for COVID-19 Recovery August 2022	11/28/22	2022-112
Federal Funding for COVID-19 Response August 2022	11/28/22	2022-111
Federal American Rescue Plan (ARP) Act Funding for COVID-19 Recovery July 2022	11/28/22	2022-110
Federal Funding for COVID-19 Response July 2022	11/28/22	2022-109
Carroll County Ambulance District	11/23/22	2022-108
Clay County Collector and Property Tax System	11/22/22	2022-107
City of Polo	11/22/22	2022-106
US Highway 65 and Truman Dam Access Road Transportation Development District	11/21/22	2022-105
Barry County Financial Statements	11/18/22	2022-104
Dallas County Financial Statements	11/18/22	2022-103
Osage County Financial Statements	11/18/22	2022-102
Iron County Financial Statements	11/18/22	2022-101
City of Rockville	11/17/22	2022-100
City of Fairview	11/16/22	2022-099
City of St. Louis Office of Mayor and Other City Offices	11/15/22	2022-098
Perry County	11/14/22	2022-097
Monthly Report on Political Subdivision Filings September 2022	11/10/22	2022-096
Monthly Report on Municipal Court and Revenue Filings September 2022	11/10/22	2022-095
Monthly Report on Political Subdivision Filings August 2022	10/24/22	2022-094
Monthly Report on Municipal Court and Revenue Filings August 2022	10/24/22	2022-093
Federal American Rescue Plan (ARP) Act Funding for COVID-19 Recovery June 2022	10/19/22	2022-092
Federal Funding for COVID-19 Response June 2022	10/19/22	2022-091
Department of Conservation Data Security	10/17/22	2022-090
2022 Section 536.175, RSMo Compliance	10/11/22	2022-089
Dent County	10/05/22	2022-088
Putnam County	10/04/22	2022-087
Grundy County	10/03/22	2022-086
City of St. Louis Department of Parks, Recreation, and Forestry	09/21/22	2022-085
Nodaway County	09/20/22	2022-084
St. Louis County Fire Protection Districts	09/19/22	2022-083
Scott County Financial Statements	09/16/22	2022-082
Audrain County Financial Statements	09/16/22	2022-081
Andrew County Financial Statements	09/16/22	2022-080
Adair County Financial Statements	09/16/22	2022-079
Greene County Fire Protection Districts	09/14/22	2022-078

Cornland Special Road District	09/13/22	2022-077
Monthly Report on Political Subdivision Filings July 2022	09/12/22	2022-076
Monthly Report on Municipal Court and Revenue Filings July 2022	09/12/22	2022-075
Smithville R-II School District	09/01/22	2022-074
Federal American Rescue Plan (ARP) Act Funding for COVID-19 Recovery May 2022	08/31/22	2022-073
Federal Funding for COVID-19 Response May 2022	08/31/22	2022-072
Federal American Rescue Plan (ARP) Act Funding for COVID-19 Recovery April 2022	08/31/22	2022-071
Federal Funding for COVID-19 Response April 2022	08/31/22	2022-070
STO Statewide Audits Summary Letter	08/25/22	2022-069
MoDOT Statewide Audits Summary Letter	08/25/22	2022-068
DSS Statewide Audits Summary Letter	08/25/22	2022-067
DOA Statewide Audits Summary Letter	08/25/22	2022-066
DPS-SEMA Statewide Audits Summary Letter	08/25/22	2022-065
DPS-MVC Statewide Audits Summary Letter	08/25/22	2022-064
DNR Statewide Audits Summary Letter	08/25/22	2022-063
DMH Statewide Audits Summary Letter	08/25/22	2022-062
DOLIR Statewide Audits Summary Letter	08/25/22	2022-061
DHEWD Statewide Audits Summary Letter	08/25/22	2022-060
DHSS Statewide Audits Summary Letter	08/25/22	2022-059
DESE Statewide Audits Summary Letter	08/25/22	2022-058
DED Statewide Audits Summary Letter	08/25/22	2022-057
DOC Statewide Audits Summary Letter	08/25/22	2022-056
MDC Statewide Audits Summary Letter	08/25/22	2022-055
AGO Statewide Audits Summary Letter	08/25/22	2022-054
OA Statewide Audits Summary Letter	08/25/22	2022-053
Office of State Treasurer	08/18/22	2022-052
Review of Article X, Sections 16 Through 24, Constitution of Missouri Year Ended June 30, 2021	08/17/22	2022-051
Monthly Report on Municipal Court and Revenue Filings June 2022	08/15/22	2022-050
Monthly Report on Political Subdivision Filings June 2022	08/15/22	2022-049
Miller County Collector and Property Tax System	08/08/22	2022-048
Federal American Rescue Plan (ARP) Act Funding for COVID-19 Recovery March 2022	08/04/22	2022-047
Federal Funding for COVID-19 Response March 2022	08/04/22	2022-046
Federal American Rescue Plan (ARP) Act Funding for COVID-19 Recovery February 2022	08/04/22	2022-045
Federal Funding for COVID-19 Response February 2022	08/04/22	2022-044
State of Missouri Single Audit Year Ended June 30, 2021	07/28/22	2022-043
Monthly Report on Political Subdivision Filings May 2022	07/20/22	2022-042
Monthly Report on Municipal Court and Revenue Filings May 2022	07/20/22	2022-041
Department Of Commerce And Insurance - Insurance	07/19/22	2022-040
Follow-Up Report On Audit Findings City of Homestead Village	07/18/22	2022-039
Webster County Financial Statements	07/01/22	2022-038
Department of Revenue Sales and Use Tax	06/30/22	2022-037
2021 Annual Report	06/30/22	2022-036
Reynolds County Collector and Property Tax System	06/14/22	2022-035
I-70 & Adams Dairy Parkway Transportation Development District	06/09/22	2022-034
City of Purcell	06/09/22	2022-033
Monthly Report on Political Subdivision Filings April 2022	06/08/22	2022-032
Monthly Report on Municipal Court and Revenue Filings April 2022	06/08/22	2022-031
Worth County	06/07/22	2022-030
Clinton County Commission and County Clerk	05/26/22	2022-029
City of Belton	05/25/22	2022-028
Monthly Report on Political Subdivision Filings March 2022	05/05/22	2022-027
Monthly Report on Municipal Court and Revenue Filings March 2022	05/05/22	2022-026
Crawford County Financial Statements	03/18/22	2022-025
Monthly Report on Political Subdivision Filings February 2022	03/17/22	2022-024
Monthly Report on Municipal Court and Revenue Filings February 2022	03/17/22	2022-023
Annual Comprehensive Financial Report - Report on Internal Control, Compliance, and Other Matters Year Ended June 30, 2021	03/16/22	2022-022
Compilation of 2021 Federal Forfeiture Reports	03/14/22	2022-021
City of Cross Timbers	03/09/22	2022-020

Federal American Rescue Plan (ARP) Act Funding for COVID-19 Recovery January 2022	03/08/22	2022-019
Federal American Rescue Plan (ARP) Act Funding for COVID-19 Recovery December 2021	03/08/22	2022-018
Clay County	03/02/22	2022-017
Federal Funding for COVID-19 Response January 2022	03/02/22	2022-016
Federal Funding for COVID-19 Response December 2021	03/02/22	2022-015
Monthly Report on Political Subdivision Filings January 2022	03/01/22	2022-014
Monthly Report on Municipal Court and Revenue Filings January 2022	03/01/22	2022-013
Compilation of 2021 Criminal Activity Forfeiture Act Seizures	02/28/22	2022-012
Tax Credit Programs	02/24/22	2022-011
City of St. Louis Community and Economic Development Offices	02/22/22	2022-010
Ralls County	02/01/22	2022-009
Monthly Report on Political Subdivision Filings December 2021	01/31/22	2022-008
Monthly Report on Municipal Court and Revenue Filings December 2021	01/31/22	2022-007
Texas County Financial Statements	01/28/22	2022-006
City of St. Louis Department of Streets	01/26/22	2022-005
Gaming Proceeds for Education Fund	01/24/22	2022-004
Working Capital Revolving Fund	01/24/22	2022-003
Annual Comprehensive Financial Report / Year Ended June 30, 2021	01/21/22	2022-002
City of Town and Country	01/11/22	2022-001